

CONTROLLER STEVE WESTLY

STATE OF CALIFORNIA

300 Capitol Mall
Sacramento, CA 95814
916.445.2636
www.controller.ca.gov

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CONTACT: PAUL HEFNER
916-324-2356

Westly Seeks Wholesale Review of Pollution Control Authority

SACRAMENTO – State Controller Steve Westly called today for a thorough review of the California Pollution Control Financing Authority.

Controller Westly said he was concerned that Authority staff had repeatedly recommended approval of loans to dairy farms by claiming the projects would keep tons of waste from landfills.

“These claims now appear to be false,” Westly said. “I believe it’s time for a wholesale review of this program.”

Westly called for the review in a letter to Treasurer Phil Angelides, who chairs the Authority. Under state law, the Controller and Director of Finance also serve on the Authority’s board of directors. The agency meets tomorrow in Sacramento.

Text of letter follows.



STEVE WESTLY
California State Controller

October 25, 2004

Honorable Philip Angelides, Chairman
California Pollution Control Financing Authority
915 Capitol Mall, Room 110
Sacramento CA 95814

Dear Chairman Angelides:

Key environmental groups are questioning several California Pollution Control Financing Authority loans to dairy farms. Like you, I supported many of these loans because your staff claimed the projects would avert tons of dairy waste from landfills. These claims now appear to be false. I believe it's time for a wholesale review of this program.

According to the Sierra Club, dairies do not dispose of waste in landfills, but instead manage their waste on site. This information was first publicly presented to the Authority at its August 31 meeting. In light of this new information, which conflicted with your staff's analysis, my staff abstained from the vote to approve a new dairy loan.

I ask that your staff explain at the Authority's October 26 meeting the alarming discrepancy between its analysis and the Sierra Club's claim. Authority staff should either defend its original conclusions or explain how such an error occurred.

Whether or not staff's justification is correct or incorrect, this issue raises a larger, underlying question regarding the Authority's loan process: Is the Authority doing all it can to reduce and eliminate pollution? I believe the Authority can do better.

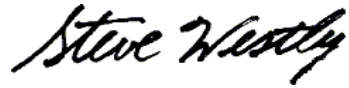
We need to review the Authority's enabling statutes and criteria for authorizing loans to ensure these funds are spent wisely. Loans should finance the best available pollution control technology and practices. The Authority should take full advantage of recent technological advances to more effectively carry out its charge. If the enabling statutes need strengthening or require modernization, the Authority should sponsor a bill in the next legislative session to do just that.

I also call on the staff to review its analysis of past actions to determine whether its guidance to the board on other matters was sound. Although dairy farms have been singled out, we must ensure that all loans were justified and made in accordance with the intent of the law.

I look forward to discussions at tomorrow's meeting and request your support in addressing my concerns and recommendations. We must take immediate measures to regain the public's trust that the Authority is doing all it can to reduce and eliminate pollution.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink that reads "Steve Westly". The signature is written in a cursive, flowing style.

STEVE WESTLY
California State Controller

SW: la/js

cc: Bob Campbell, Department of Finance
Steven Sakurai, Executive Director

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